

Education and Workforce Development Cabinet

Kentucky's jobless rate rises to 10.9 percent in June

Press Release Date: Thursday, July 16, 2009

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Editor's Note: Preliminary June and revised May labor market information are included in this release.

FRANKFORT, Ky. — Kentucky's seasonally adjusted preliminary unemployment rate for June 2009 reached a near 26-year high of 10.9 percent from a revised 10.7 percent in May 2009, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. June 2009's jobless rate was the highest since the August 1983 figure of 11.1 percent.

June 2009's unemployment rate is 4.5 percentage points higher than the 6.4 percent rate recorded in June 2008.

"In June 2009, Kentucky's economy continued to deteriorate as nearly every sector endured job losses. The manufacturing sector suffered the largest employment decline, which is indicative of the prolonged manufacturing slump rippling through the economy. Retrenchment by consumers trickled through the trade, transportation and utilities sector resulting in 1,700 fewer positions in these industries," said Dr. Justine Detzel, OET chief labor market analyst.

The U.S. seasonally adjusted jobless rate rose from 9.4 percent in May 2009 to 9.5 percent in June 2009, according to the U.S. Department of Labor.

Unemployment statistics are based on estimates and are compiled to measure trends rather than actually to count people working.

Three of the 11 major nonfarm North American Industry Classification System (NAICS) job sectors reported an employment increase in June 2009, while seven decreased and one stayed the same, according to OET. A decline of 5,800 jobs in June 2009 brought Kentucky's nonfarm employment to a seasonally adjusted total of 1,774,200. Since June 2008, Kentucky's nonfarm employment has plummeted by 82,300.

"This marks the 16th month in a row of year-over-year employment decreases and the second largest year-over-year drop on records dating back to January 1990," Detzel said. "Since the start of the recession in December 2007, nonfarm employment in Kentucky has dropped by 98,200 positions."

According to the seasonally adjusted employment data, the educational and health services sector increased by 1,200 jobs in June 2009. Since last June, the number of jobs in this sector has risen by 3,900. This sector includes private and nonprofit establishments that provide either education and training or health care and social assistance to their clients.

"Year-over-year employment gains were concentrated in the educational services industry. However, health care and social assistance businesses also exhibited job growth from June 2008 to June 2009. Three new colleges opening and expansions at four educational institutions in the last year contributed to the rise in the number of jobs in the educational services industry," said Detzel.

The financial activities sector gained 700 positions in June 2009. This segment, which includes businesses involved in finance, insurance, real estate and property leasing or rental, has dropped 2,600 positions over the past 12 months.

The state's leisure and hospitality sector reported an employment increase of 100 jobs in June 2009. Since June 2008, employment in the sector has grown by 2,100 jobs. The leisure and hospitality sector includes arts, entertainment and recreation, accommodations and food services and drinking places industries.

The mining and logging sector held steady from May 2009 to June 2009 with a total of 25,700 jobs. The sector has added 2,200 jobs since June 2008 because of hiring in the coal mining industry.

Kentucky's manufacturing sector lost 3,100 jobs in June 2009. Compared to June 2008, jobs in the sector plummeted by 39,700.

"The durable goods subsector accounted for the majority of the year-over-year employment decrease. This reflects the malaise resulting from the automobile slump impacting Kentucky. Quality improvements, which extend the life of a vehicle, and a weak economy have caused new automobile purchases to become less tempting. Furthermore, manufacturers of durable goods, such as furniture and appliance makers as well as lumber and other products utilized in residential construction, are negatively impacted by a decline in the housing market," said Detzel.

Kentucky's trade, transportation and utilities sector recorded 1,700 fewer jobs in June 2009. This area includes retail and wholesale trade, transportation and warehousing businesses and utilities. It is the largest sector in Kentucky with 366,900 employees. Since June 2008, the number of jobs in this sector has shrunk by 15,700.

"This sector continued to stumble as weak demand for products caused cutbacks at wholesalers and transportation companies in June 2009. Since May 2009, the drop in transportation, warehousing and utilities industry reflects job cuts and relocations at air transportation businesses, reductions at a shipping company and layoffs at a freight trucking enterprise," said Detzel.

The state's other services sector, which includes such establishments as repair and maintenance businesses, personal and laundry services, religious organizations and civic and professional organizations, decreased by 1,000 positions in June 2009. This sector had 1,700 fewer jobs in June 2009 than June 2008.

The number of jobs in the professional and business services sector declined by 900 positions in June 2009. This area has lost 11,500 employees since June 2008. The professional and business services sector includes professional, scientific and technical services,

management of companies and administrative and support and waste management, including temporary help agencies.

The information sector recorded a loss of 600 jobs in June 2009. This segment, which includes firms involved in publishing, Internet activities, data processing, broadcasting and news syndication, has 1,300 fewer positions than in June 2008.

The construction sector recorded 300 fewer positions in June 2009. Since June 2008, employment in the construction sector has fallen by 16,500 positions.

"This represents the seventh decrease in employment in the last eight months, reflecting debility in the residential construction industry and financial difficulties delaying commercial construction projects," Detzel said.

The government sector, which includes public education, public administration agencies and state-owned hospitals, decreased by 200 positions in June 2009. The sector has 1,500 fewer jobs compared to June 2008.

The U.S. Bureau of Labor Statistics' monthly estimate of the number of employed Kentuckians for June 2009 was 1,850,877 on a seasonally adjusted basis. This figure is down 5,348 from the 1,856,225 employed in May 2009, and down 60,044 from the 1,910,921 employed in June 2008.

The monthly estimate of the number of unemployed Kentuckians for June 2009 was 226,122, up 4,862 from the 221,260 Kentuckians unemployed in May 2009, and up 96,338 from the 129,784 unemployed in June 2008.

The monthly estimate of the number of Kentuckians in the civilian labor force for June 2009 was 2,076,999. This figure is down 486 from the 2,077,485 recorded in May 2009, but up 36,294 from the 2,040,705 recorded for June 2008.

Civilian labor force statistics include non-military workers and unemployed Kentuckians who are actively seeking work. They do

not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky's statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about the Office of Employment and Training at www.workforce.ky.gov.

A complementary experimental hours and earnings series is available at <http://www.bls.gov/sae/saeaepp.htm>.